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slight satisfaction that he finds his hopes so completely realized in the results here obtained by Dr. Beer. (Professor Mims's recent volume is suggestive in a similar way, though the connection of the French West Indies is of course less direct.) Certainly no one can read these volumes without a feeling that the history of the American colonies on the mainland has too long been written as if they were an isolated group. It is time to realize the far-reaching importance of West Indian history for securing a broad understanding and interpretation of the political as well as the economic life of the continental colonies, to say nothing of the relation of the whole group to the British empire. We can ask no better than that the remainder of the colonial period be covered as successfully as that of the Restoration.

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*Panama Canal Traffic and Tolls.* By EMORY R. JOHNSON. Washington: Government Printing Office, 1912. 4to, pp. vi+490.

This report by Professor Johnson is made pursuant to a request by the secretary of war "to bring up to as late a date as practicable the data contained in the *Report of the Isthmian Canal Commission* for 1899-1901, and also to formulate rules and regulations governing the measurement of ships going through the canal, and to make an investigation and recommendation regarding the tolls to be charged." The report on the measurement of vessels is deferred to a second volume, which is in course of preparation.

Included in this report is much useful data which do not bear directly upon the Panama Canal but should be mentioned before the report proper is taken up. Four chapters (54 pages) are devoted to the Suez, Kaiser Wilhelm, Manchester, and Amsterdam canals respectively. There are eight appendices, covering in all 258 pages. Of these, Appendix I (164 pages) is a reprint of Professor Johnson's "Report on the Industrial and Commercial Value of the Isthmian Canal" from *Report of the Isthmian Canal Commission*, 1899-1901; the others contain abstracts of laws relating to tolls and charges on the leading ship canals of the world, and the much-discussed Panama Canal act of August 24, 1912.

Discussion of the Panama Canal has centered mainly around the following questions:

1. What is the amount of traffic available for the canal?
  2. What tolls should be charged?
  3. Should American coastwise traffic be exempt from tolls?
- What light does this report shed upon these main questions?

1. After a study of the increase in general traffic between 1899 and 1912, with a forecast for 1914-15, Professor Johnson concludes that about 10,500,000 tons of traffic annually will be available upon the opening of the canal, though it is not probable that the entire tonnage would be transferred to the canal route within a period of two years. Between 1915 and 1925 the author anticipates an increase of traffic of more than 60 per cent, reaching a total of 17,000,000 tons, net register. This estimate of traffic is based upon the assumption that the rate of tolls recommended in this report will be adopted.

2. In discussing the principles that should govern the fixing of tolls, Professor Johnson states that "the commercial usefulness of the waterway should be given first consideration. Tolls may wisely be imposed to secure revenue, but the transit dues must not prevent the canal from fulfilling its primary function. . . . The canal should be commercially self-supporting, provided revenue large enough to enable the canal to carry itself can be secured without unwisely restricting traffic" (p. 193) This principle appears to be open to criticism. In the absence of military advantage, there would seem to be no good reason why the canal should not, at least in the long run, pay for itself. The author states that the purpose of the canal is to shorten the commercial routes of the world; but unless it can shorten them enough to permit those using the canal to pay for it eventually, the undertaking will not have proved economically feasible. In ascertaining a practicable rate, however, Professor Johnson evidently does not have to base it on the principle that the canal will not in the long run be self-supporting. He estimates the annual expense at \$19,250,000, including an amortization fund of 1 per cent. This expense can be met with a toll of \$1.20 per net ton, and "without unwisely restricting traffic"! This rate is based upon a study of the relative distances between the leading commercial ports of the world via the Panama Canal and by alternative routes, and the saving in time which would be effected. In this connection, the author very properly takes account of the convenience and cheapness of the fuel supply available on the various routes; he also considers the effect of intermediate trading-points on the choice of routes. The rate of \$1.20 per net ton is believed to be low enough to secure virtually a maximum tonnage. Here is obviously, for the least available traffic, the adoption of the principle of what the traffic will bear, though the remaining tonnage would, of course, not be charged *all* that the traffic would bear.

3. Professor Johnson makes no attempt to settle the interpretation of that clause in the Hay-Pauncefote Treaty which provides that the

canal shall be free and open to the vessels of all nations without discrimination; but he sums up the arguments for the exemption of our ships pro and con, and concludes that "our coastwise shipping does not need further aid, and to exempt our marine in the foreign trade from canal tolls would be to grant a subsidy that would reduce the government revenues without effectively aiding our merchant marine." In reaching this conclusion Professor Johnson appears to answer satisfactorily the contentions of those who believe (1) that the American merchant marine in the coastwise trade will be imperiled if our ships be not exempt, and (2) that the transcontinental rail rates will be higher to the extent of the tolls and hence the main purpose of the canal in lowering transcontinental rates will be defeated. As to the first contention the author argues that our merchant marine has a monopoly of the coastwise trade and that the large coastal steamship lines now fix rates as high as the traffic will bear, transcontinental rail rates being the basis of their charges. It appears then that they need no subsidy, but should rather be subjected to the control of the federal government as a guaranty of reasonable charges. At any rate, it seems certain that a remission of tolls to them would not result in lowering their rates to shippers.

As to the competition of the canal route with transcontinental railways, Professor Johnson does not believe that a rate of \$1.20 per ton would permit the railroads to retain the traffic between coasts without a ruinous reduction of rates. At present the maximum rates which the steamship lines charge are determined by the transcontinental rail rates rather than the reverse. When the canal is opened even with tolls the boat lines will have gained an advantage by the shorter route and will be able to cut under the rail rates. The railroads will therefore give up the coast to coast traffic. It is argued that a reduction of their rates on traffic from coast to coast would necessitate, under the terms of the long-and-short-haul clause, a reduction on other traffic, as, for example, to the intermountain district; and that rather than take a chance of reduced revenue, if not actual loss, on both coastal and internal traffic, the railways will prefer to give up the former and attempt to specialize on the latter at paying rates. The argument is worked out with care, and the conclusion seems entirely warranted.

The extent of railway control of boat lines at present, and the possibilities of working agreements between railway and steamship lines, are not discussed in the report, and the question whether railway-owned vessels should be permitted to use the canal is merely mentioned. It is perhaps to be regretted that these and some other minor points were not

developed; but on the whole the report is a very valuable and very timely piece of work. The law of August 24, 1912, exempting American coastwise vessels from tolls, was passed before the evidence in this volume was generally available. Congress should study the report with care, if the repeal of that law comes up for consideration.

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*Report of the Commissioner of Corporations on Transportation by Water in the United States.* Part IV: "Control of Water Carriers by Railroads and by Shipping Consolidations." Washington: Government Printing Office, 1913. 8vo, pp. xvii+101.

This report taken in conjunction with the three preceding volumes on (I) "General Conditions of Transportation by Water"; (II) "Waterborne Traffic"; and (III) "Water Terminals," presents a sufficiently adequate account of the existing status of water transportation in the United States. The present volume contains nothing startlingly new; it is rather an elaboration of material presented in Vol. I.

In brief, the report shows that very little of the traffic on our waterways today is carried by independent competitive boat lines. The control of water traffic is largely in the hands of railway companies, of industrial concerns, or of shipping monopolies. On the Atlantic and Gulf coasts there are almost no independent boat lines. The Atlantic, Gulf, & West Indies Steamship Lines and the Eastern Steamship Corporation, two huge consolidations, are the only rivals of the railway-owned (or controlled) boat lines. On the Great Lakes all the important through-passenger and package-freight lines are owned by railroads; while a large part of the bulk freight, other than grain, is carried by boat lines belonging to industrial concerns. On the Mississippi River system the chief traffic is in coal handled by a single industrial consolidation, the Monongahela River Consolidated Coal and Coke Co., a controlling interest in which is owned by the Pittsburgh Coal Co.; the only independents are a few feeble packet lines. On the Pacific coast, independent steamship lines are more important, although the Union Pacific and the Southern Pacific railroads now dominate some of the largest lines.

The railway control over canals is almost as complete. About 90 per cent of the private canals now in operation are thus controlled; and on the Erie canal "the west-bound business has virtually passed under the control of railroads, while east-bound traffic has been largely diverted